Small savings schemes offered by post offices

*210. SHRIMATI MOHSINA KIDWAI:

SHRIMATI SHOBHANA BHARTIA:

Will the PRIME MINISTER be pleased to state:

(a) whether the small savings schemes offered through Post Offices have fallen out of favour with the investors and seen massive withdrawals during the past few years;

(b) if so, the details thereof;

(c) whether Government has since taken any corrective steps to ensure investors' interest in Post Office small savings schemes and also bring it at par with the banking sector; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The gross small savings collections during 2006-07 at Rs. 1,82,181 crore declined to Rs. 1,40,443 crore during 2007-08 (Provisional). However, gross small savings collections during 2008-09 (April - October 2008) have registered an increase by 5.85 per cent as compared to the previous year's collections during the same period. The decline in gross collections under various small savings schemes reflects, *inter-alia*, investors' preference for alternative savings instruments. Over a period of time, investment options available have increased both in number and variety offering a wider choice to investors for their savings. Deregulation of the interest rates relating to banks, financial institutions and debt markets have also contributed to directing the flow of savings into instruments other than small savings schemes of the Government.

(c) and (d) Government has taken various measures from time to time to promote and popularise small saving schemes through print and electronic media and providing training to the various agencies involved in mobilising deposits under these schemes.

In the recent past, the Government has taken the following steps to make the small savings schemes more attractive and investor friendly:-

(i) The restrictions on opening of more than one account during a calendar month under the Senior Citizens Savings Scheme has been removed with effect from 24th May, 2007.

(ii) All categories of pensioners have been allowed to open and maintain 'Pension Account' under Post Office Savings Account Rules, with effect from 11th July, 2007.

(iii) The penalty on pre-mature withdrawal of deposits under the Post Office Monthly Income Account (POMIA) Scheme has been rationalised from 3.5% to 2% on withdrawal on or before expiry of three years and 1% on withdrawal after expiry of three years.

(iv) The maximum deposit ceilings of Rs. 3.00 lakh and Rs. 6.00 lakh under the Post Office Monthly Income Account (POMIA) Scheme has been raised to Rs. 4.5 lakh and Rs. 9.00 lakh respectively for single and joint accounts.

(v) Bonus at the rate of 5 per cent on the deposits made under Post Office Monthly Income Account (POMIA) Scheme on or after 8th December, 2007 upon the maturity of the deposit, has been made available.

(vi) The benefit of Section 80C of the Income Tax Act, 1961 has been extended to the investments made under 5-Year Post Office Time Deposits Account and Senior Citizens Savings Scheme, with effect from 1.4.2007.

While banks have been given freedom by Reserve Bank of India to fix their own interest rates on domestic term deposits of various maturities, interest rates on Small Savings Schemes are administered interest rates, and are benchmarked to the average annual yield on Government Securities of comparable maturity in the secondary market, with a suitable spread subject to a maximum of 50 basis point over the benchmark yield, depending upon the maturity and liquidity of the instruments. Therefore, interest rates of small savings schemes are not comparable with the interest rates being offered by the Banks for their various term deposit schemes.

Price of Petrol and Diesel

†*211. SHRI RAJ MOHINDER SINGH MAJITHA :
SHRI SHIVANAND TIWARI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the attention of Government has been drawn towards some media reports wherein likely prices of petrol and diesel in India have been shown, post reduction in the price of crude in international market;

(b) if so, these prices of petrol and diesel separately; and

(c) the extent to which these prices are less than the prices being charged from consumers of petrol and diesel in the country currently?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA) : (a) to (c) As India imports over 75% of its crude oil requirement the international oil prices have a decisive role in the domestic pricing. The Indian Basket of crude oil, which averaged $ 79.25 per barrel during 2007-08, had gone up to $142.04 per barrel on 3rd July, 2008. International prices have come down since August, 2008 and the average price of Indian Basket of crude oil during November, 2008 was $ 50.91 per barrel and the average price during 2008-09 (up to 10th December '08) was $ 100.34 per barrel. The benefit of softening of international oil prices has been partly offset by the recent depreciation of the rupee by around 25%.

As an interim measure, the Government has reduced the prices of Petrol and Diesel by Rs.5/- per litre and Rs.2/- per litre respectively at Delhi with corresponding reduction in the rest of the country, effective 6th December'2008. The revised retail prices (at Delhi) of Petrol and Diesel are Rs.45.62 per litre and Rs.32.86 per litre respectively. However, based on the Refinery Gate Price (RGP) computed by the Indian Oil Corporation, for the first fortnight of December'08, the likely retail selling prices at Delhi works out at Rs.35.73 per litre for Petrol and Rs.31.83 per litre for Diesel.

Further reduction in the prices of Petrol and Diesel has not been found feasible at this stage in view of the continuing under-recoveries on the sale of PDS Kerosene and Domestic LPG. The Public Sector Oil Marketing Companies (OMCs), namely, Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPC) and Hindustan Petroleum Corporation (HPC) have declared combined losses of Rs. 14,431 crore during the first six months of 2008-09 and their total under-recoveries on the sale of sensitive petroleum products are projected to be Rs. 1,10,381 crore during 2008-09. Their combined borrowings at the end of November 2008 stood at Rs. 1,15,000 crore with an interest burden of Rs. 8,100 crore during 2008-09. The financial health of the OMCs needs to be protected for ensuring the energy security of the country.

Overseas loans for domestic infrastructure companies

*212. SHRI SATYAVRAT CHATURVEDI: Will the PRIME MINISTER be pleased to state:

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†Original notice of the question was received in Hindi